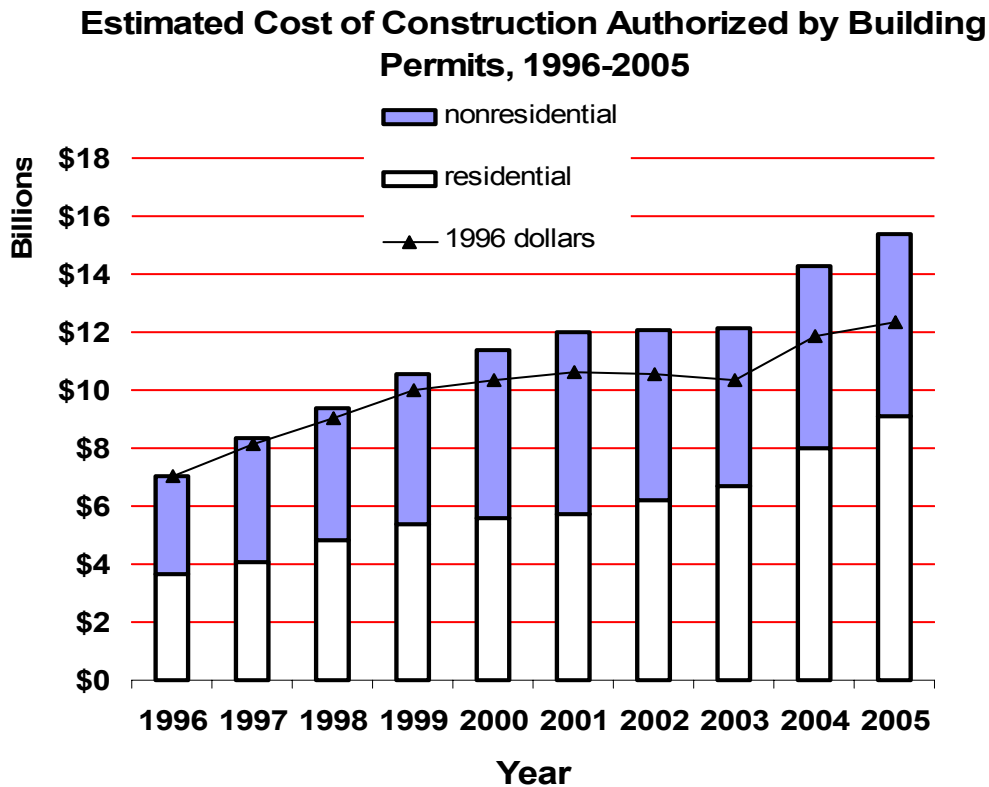


## 2005 HIGHLIGHTS

- Construction activity was at a record level in 2005, due mainly to new home construction.
- The estimated cost of work authorized by building permits was \$15.4 billion. Residential construction (new and rehabilitation) was \$8.2 billion, 53.1 percent of all activity. New home construction totaled \$5.6 billion.
- The amount of work was \$1.1 billion more than last year's record level, an increase of 7.9 percent. In real terms, based on an inflation rate of 3.4 percent, construction activity grew by more than 4 percent between 2004 and 2005.



- The number of new houses authorized for construction was 39,688,434 more units than in 2004, an increase of 1.1 percent.

- Office construction declined by 1.2-million square feet, almost 10 percent less than in 2004. Retail space was up by 1-million square feet, a 21.5-percent increase.

<b>New Jersey Construction Indicators</b>				
	<b>Estimated Construction Costs</b>	<b>Authorized Housing Units</b>	<b>Authorized Office Space (square feet)</b>	<b>Authorized Retail Space (square feet)</b>
<b>1996</b>	\$7,028,424,990	27,577	6,229,515	4,880,139
<b>1997</b>	\$8,346,533,144	30,017	10,409,171	5,688,955
<b>1998</b>	\$9,396,755,517	35,676	12,703,824	7,921,892
<b>1999</b>	\$10,584,167,530	37,536	13,237,891	6,229,471
<b>2000</b>	\$11,387,683,514	38,065	15,531,039	6,063,412
<b>2001</b>	\$12,007,456,630	35,680	19,134,533	7,244,833
<b>2002</b>	\$12,079,942,099	34,589	9,261,054	7,560,913
<b>2003</b>	\$12,148,747,807	35,171	9,744,146	6,038,428
<b>2004</b>	\$14,274,331,850	39,254	12,219,068	4,911,257
<b>2005</b>	\$15,397,507,147	39,688	11,038,132	5,965,258
<b><i>Change Between 2004 and 2005</i></b>				
<b>2004-2005</b>	\$1,123,175,297	434	-1,180,936	1,054,001
<b>Percent Change</b>	7.9%	1.1%	-9.7%	21.5%
Source: N.J. Department of Community Affairs, 5/8/06				

- Jersey City in Hudson County and the City of Newark in Essex County had the most construction and the most new houses in 2005. Jersey City led all communities with \$707.5 million of construction and 3,776 authorized housing units. Newark ranked second in both categories with \$344.6 million of work and 2,611 authorized dwellings. Over 73 percent of the construction activity in Jersey City was for new houses. New homes accounted for 45.6 percent of the work authorized by permits in Newark. Just over 16 percent of all the new houses authorized for construction in 2005 were in Jersey City and Newark.
- Northern New Jersey had \$6.5 billion of construction, 42.3 percent of all activity in the State. Jersey City, Newark, and other northern communities accounted for 15,982 authorized houses, over 40 percent of the total for the State.

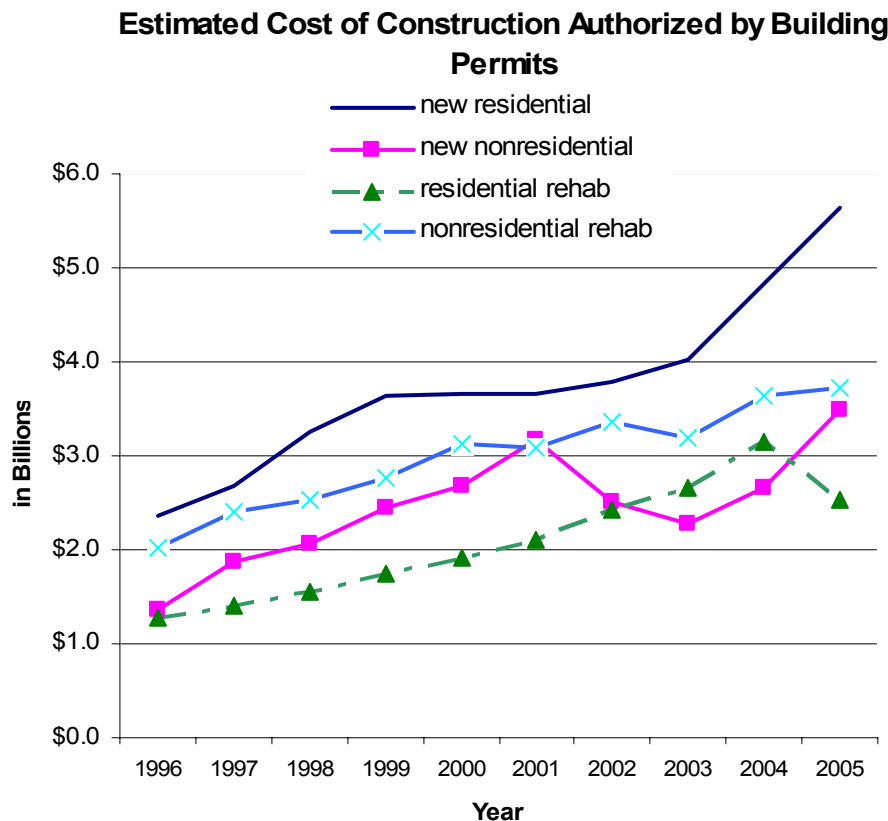
- Central New Jersey had \$5.1 billion of construction -- 33.1 percent of all construction -- and 12,734 authorized housing units, 32.1 percent of all new houses.
- Southern New Jersey had \$3.2 billion of commercial and residential construction, and 10,972 authorized housing units, accounting for 21 percent of all the construction activity in the State and 27.6 percent of all authorized housing.

<b>Major Construction Indicators by Region</b>				
<b>Region</b>	<b>Estimated Cost of Construction</b>	<b>Authorized Housing Units</b>	<b>Authorized Office Space (square feet)</b>	<b>Authorized Retail Space (square feet)</b>
North	\$6,508,235,134	15,982	4,474,379	2,345,236
Central	5,100,559,035	12,734	4,079,046	1,965,117
South	3,234,476,044	10,972	2,133,440	1,565,370
State Buildings	554,236,934	0	351,267	89,535
<b>New Jersey</b>	<b>\$15,397,507,147</b>	<b>39,688</b>	<b>11,038,132</b>	<b>5,875,723</b>
<b>Percent Distribution by Region</b>				
North	42.3%	40.3%	40.5%	39.3%
Central	33.1%	32.1%	37.0%	32.9%
South	21.0%	27.6%	19.3%	26.2%
State Buildings	3.6%	0.0%	3.2%	1.5%
<b>New Jersey</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Source: N.J. Department of Community Affairs, 5/8/06				
Northern New Jersey: Bergen, Essex, Hudson, Morris, Passaic, Sussex, Union, and Warren Counties				
Central New Jersey: Hunterdon, Mercer, Middlesex, Monmouth, Ocean, and Somerset Counties				
Southern New Jersey: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, and Salem Counties				

- Although new homes were the driving force behind the construction industry's strong performance, accounting for \$5.6 billion of activity, the estimated cost of new construction for commercial and other nonresidential structures increased at a faster rate. New home construction grew by \$809.3 million, 16.8 percent, while new nonresidential structures increased by \$834.1 million, 31.4 percent more than last year.
- New home construction made up just over one-third of all authorized work. New commercial buildings and other new nonresidential structures accounted for less than one-quarter of all activity (24.2 percent or \$3.5 billion). Tenant fit-ups for commercial buildings and other nonresidential additions and alterations accounted for another \$3.7 billion, 24.2 percent of all authorized work. Rehab

work on existing houses made up \$2.5 billion, 16.5 percent of construction activity in 2005.

- Housing rehab was the only component of the construction industry that declined in 2005. In 2004, the estimated cost of additions and alterations to existing dwellings was \$3.1 billion. In 2005, it was \$2.5 billion, a decline of 19.2 percent.



- One of the bigger commercial projects to break ground in 2005 was the Borgata Hotel Casino & Spa north expansion in Atlantic City, Atlantic County. About half of the \$310 million of construction reported by Atlantic City was for the new Borgata addition. Atlantic City ranked behind Jersey City and Newark with the most activity in 2005.
- “State buildings” refers to a category of buildings built on behalf of State government agencies or their instrumentalities, like New Jersey Transit or the New Jersey Sports & Exposition Authority. This category of construction accounted for \$554.2 million. Among the bigger projects reported were four new construction permits for the Meadowlands Xanadu retail and entertainment complex. The estimated cost of work reported on these permits was \$160 million.

- Building permits also showed major expansions on New Jersey State college and university campuses. Over \$180 million of activity was reported for work at Rutgers University (New Brunswick), the New Jersey City University (Jersey City), Rowan University (Glassboro), William Paterson University (Wayne), the University of Medicine & Dentistry of New Jersey (Newark), Ramapo College (Mahwah), and Stockton State College (Galloway Township).

Construction Indicators Top New Jersey Municipalities					
Municipality	County	Estimated Cost of Construction (dollars)	Authorized Housing Units	Authorized Office Space (square feet)	Authorized Retail Space (square feet)
Jersey City	Hudson	\$707,459,081	3,776	438,879	0
Newark City	Essex	344,588,628	2,611	134,021	148,871
Atlantic City	Atlantic	308,275,936	116	3,012	2,800
Hoboken City	Hudson	173,736,936	443	0	0
Monroe Twp	Middlesex	147,581,898	666	85,262	15,216
Paramus Boro	Bergen	139,055,545	47	29,413	247,707
Franklin Twp	Somerset	136,958,035	498	112,625	0
Jackson Twp	Ocean	132,933,494	746	36,050	4,680
Ocean City	Cape May	130,712,287	539	0	36,723
Hamilton Twp	Mercer	124,598,370	340	559,673	37,384
Englewood City	Bergen	122,208,506	685	37,768	16,964
Bernards Twp	Somerset	118,004,475	23	2,836	0
Dover Twp	Ocean	116,604,654	275	207,802	111,680
Warren Twp	Somerset	115,556,601	30	6,883	22,915
South Brunswick Twp	Middlesex	112,589,057	213	143,989	127,233
Top Municipalities		\$2,930,863,503	11,008	1,798,213	772,173
<b>New Jersey</b>		<b>\$15,307,574,897</b>	<b>39,395</b>	<b>11,010,724</b>	<b>5,935,626</b>
Top as % of New Jersey		19.1%	27.9%	16.3%	13.0%
Source: N.J. Department of Community Affairs, 5/8/06					

- It cost more to buy a new home in New Jersey. The median sale price of the 24,571 new houses that began enrollment in a new home warranty program in 2005 was \$378,992. This was 8.3 percent more than 2004.
- Hunterdon County had the most expensive new houses. Half of the 349 houses that began enrollment in a new home warranty program in 2005 cost more than \$644,002. Cumberland County had the least expensive new houses. The median sales price was \$232,000.

New House Prices			
Period	Number of New Houses	Median Sales Price	Percent Change in Sales Price
1996	20,903	\$183,300	
1997	21,640	\$190,000	3.7%
1998	23,884	\$209,980	10.5%
1999	24,479	\$224,496	6.9%
2000	25,058	\$231,728	3.2%
2001	23,372	\$253,670	9.5%
2002	23,647	\$274,705	8.3%
2003	22,226	\$307,168	11.8%
2004	23,844	\$349,900	13.9%
2005	24,571	\$378,992	8.3%
1 <sup>st</sup> Quarter 2004	4,924	\$326,652	
2 <sup>nd</sup> Quarter 2004	6,350	\$350,000	7.1%
3 <sup>rd</sup> Quarter 2004	6,219	\$350,539	0.2%
4 <sup>th</sup> Quarter 2004	6,351	\$365,000	4.1%
1 <sup>st</sup> Quarter 2005	5,205	\$367,900	0.8%
2 <sup>nd</sup> Quarter 2005	6,564	\$379,954	3.3%
3 <sup>rd</sup> Quarter 2005	6,207	\$378,554	-0.4%
4 <sup>th</sup> Quarter 2005	6,595	\$387,709	2.4%
Source: N.J. Department of Community Affairs, 5/8/06			

